

4/08 R4-46-201 RULE AMENDMENTS APPROVED BY THE GOVERNOR'S REGULATORY REVIEW COUNCIL (GRRC) ON 4/1/08 AND BECOME EFFECTIVE

5/31/08. GRRC approved the rule amendments to the definition of "Direct Supervision" in R4-46-101 and approved the rule amendments to R4-46-201, which adopt the January, 2008 version of the 2008 Criteria; require that 75% of an applicant's experience include inspection of the subject; require existing supervising appraisers to obtain four hours of continuing education in the role of a supervising appraiser by 7/30/08; provide that appraisers who will become supervising appraisers must obtain four hours of continuing education in the role of a supervising appraiser prior to engaging a trainee; and provide for enforcement of the supervising appraiser/trainee rules. The rules become effective 5/31/08. The complete text of the rule amendments is as follows:

ARTICLE 1. GENERAL PROVISIONS

R4-46-101. Definitions

In these rules, unless the context otherwise requires:

"Arizona or State Certified General Appraiser" No change

"Arizona or State Certified Residential Appraiser" No change

"Arizona or State Licensed Appraiser" No change

"Appraisal Foundation" No change

"Appraiser" No change

"Board" No change

"Board counsel" No change

"Board staff" No change

"Complaint" No change

"Consent agreement" No change

"Consulting assignment" No change

"Conviction" No change

"Course provider" No change

"Direct supervision" means that a supervising appraiser of a trainee is physically present to direct and oversee directing and overseeing the production of each appraisal assignment- and is personally and physically present during the entire inspection of each appraised property.

"Disciplinary action" No change

"Dismissal" No change

"Distance education" No change

"Due diligence" No change

"Formal complaint" No change

"Formal hearing" No change

"Informal hearing" No change

"Informational interview" No change

"Initial review" No change

"Investigation" No change

"Investigator" No change
"Jurisdictional criteria" No change
"Letter of concern" No change
"Letter of due diligence" No change
"Letter of remedial action" No change
"Mentor" No change
"Order" No change
"Party" No change
"Practicing appraiser" No change
"Probation" No change
"Property tax agent" No change
"Remedial action" No change
"Respondent" No change
"Rules" No change
"Summary suspension" No change
"Supervising appraiser" means a state certified appraiser in good standing with a minimum of four years of experience within the last four years as a practicing appraiser who engages in direct supervision of a trainee pursuing a state license or certificate and provides training for work included within the supervising appraiser's classification. ~~This definition is effective January 1, 2008.~~
"Trainee" No change
"USPAP" No change
"Workfile" No change

ARTICLE 2. LICENSING AND CERTIFICATION

R4-46-201. Appraiser Qualification Criteria

- A.** Except as provided in subsections (B), (C), and (D), an applicant for the applicable classification of license or certificate shall meet that classification's criteria established by the Appraiser Qualifications Board (AQB) in either ~~*The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria adopted February 16, 1994 effective January 1, 1998, All Interpretations and Supplementary Information as of January 1, 2002, and Appendix I, Criteria Revisions effective January 1, 2003, ("1998 Criteria"), or The Real Property Appraiser Qualification Criteria adopted January 1, 2003, All Interpretations And Supplementary Information as of November 1, 2005, and Appendix, Real Property Qualifications Effective January 1, 2008 ("2008 Criteria"), The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria (Real Property Appraiser Qualification Criteria adopted February 16, 1994, effective January 1, 1998; Includes all Interpretations and Supplementary Information as of January 1, 2002; Appendix I Criteria Revisions effective January 1, 2003) referred to as the "1998 Criteria", or The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria (Real Property Appraiser Qualification Criteria Effective January 1, 2008; Appendix, Real Property Appraiser Qualification Criteria Prior to January 1, 2008; Includes All Interpretations and*~~

Supplementary Information as of February 1, 2007) referred to as the “2008 Criteria”, as follows:

1. The requirements are divided into three components: education, experience and examination. An applicant shall meet the criteria in effect at the time the applicant completes a particular component.
2. The Board shall give credit for completion of a component if the applicant meets either the 1998 Criteria or the 2008 Criteria for any component completed prior to January 1, 2008.
3. The Board shall give credit for completion of a component only if the applicant meets the 2008 Criteria for any component completed on or after January 1, 2008.
4. On and after November 1, 2008, an applicant shall meet the 2008 Criteria for all components, regardless of when the component was completed. Both the 1998_Criteria and the 2008 Criteria are incorporated by reference and are on file with the Board. These incorporated criteria include no future ~~additions~~ editions or amendments. A copy of the incorporated criteria may be obtained from the Board or The Appraisal Foundation-, 1155 15th Street, NW, Suite 1111, Washington, DC 20005; (202) 347-7722; fax (202) 347-7727; or website www.appraisalfoundation.org.

B. Regardless of whether a transaction is federally related:

1. A State Licensed Residential Appraiser is limited to the scope of practice in A.R.S. § 32-3612(A)(3), and
2. A State Certified Residential Appraiser is limited to the scope of practice in A.R.S. § 32-3612(A)(2).

C. Notwithstanding the criteria incorporated by reference in subsection (A),

1. An applicant shall not obtain more than 75% of required qualifying education through distance education,
2. An applicant shall not obtain the 15-hour National USPAP Course, or its equivalent, approved through the AQB Course Approval Program, through distance education, ~~and~~
3. Qualifying education credit may be obtained at any time before the date of application, except the 15-hour National USPAP Course or its AQB approved equivalent ~~must~~ shall be obtained within two years preceding the date of application-, and
4. 75% of the applicant's quantitative experience requirements shall include work product where the applicant inspected the subject property.

D. Notwithstanding the criteria incorporated by reference in subsection (A), there is no Trainee Real Property Appraiser Classification.

1. A supervising appraiser shall instruct and directly supervise a trainee for any classification of license or certificate in the entire preparation of each appraisal. A supervising appraiser shall provide direct supervision, being personally and physically present during the entire inspection of each appraised property with the trainee. The supervising appraiser shall approve and sign all final appraisal documents-, certifying the appraisals are in compliance with the Uniform Standards of Professional Appraisal Practice. ~~To demonstrate responsibility for the instruction, guidance, and direct supervision of the trainee, the supervising appraiser shall:~~

- ~~a. Sign the appraisal report and certify the report is in compliance with the Uniform Standards of Professional Appraisal Practice,~~
 - ~~b. Personally supervise the entire physical inspection of each appraised property with the trainee, and~~
 - ~~c. Review and sign each trainee appraisal report.~~
2. A trainee may have more than one supervising appraiser, but a supervising appraiser shall not supervise more than three trainees at any one time. A trainee shall maintain an appraisal log for each supervising appraiser and, at a minimum, include the following in the log for each appraisal:
 - a. Type of property,
 - b. Date of report,
 - c. Property description,
 - d. Description of work performed by the trainee and scope of review and supervision by the supervising appraiser,
 - e. Number of actual work hours by the trainee on the assignment, and
 - f. The signature and state certificate number of the supervising appraiser. ~~This subsection (D)(2)(f) is effective January 1, 2008.~~
- ~~3. A supervising appraiser and trainee shall work in the same geographic area, and in no event shall the supervising appraiser and trainee work in different states.~~
4. 3. A supervising appraiser shall provide to the Board in writing the name and address of each trainee within 10 days of engagement, and notify the Board in writing immediately upon termination of the engagement. A state certified appraiser is not eligible to be a supervising appraiser unless the appraiser's certificate is in good standing and the appraiser has not been subject to license or certificate suspension, probation, or mentorship within the last two years. ~~This subsection (D)(4) is effective January 1, 2008.~~
4. An appraiser who wishes to act as a supervising appraiser shall submit proof of completion of a minimum of 4 hours of continuing education approved by the Board, regarding the role of a supervising appraiser, before supervision begins. The required course shall not be taken through distance education.
5. Each supervising appraiser shall submit to the Board proof of completion of a minimum of 4 hours of continuing education approved by the Board regarding the role of a supervising appraiser within 60 days of the effective date of this subsection. The required course shall not be taken through distance education. If the supervising appraiser does not take the course within 60 days of the effective date of this subsection, the supervising appraiser shall not act as a supervising appraiser until the class is taken and proof has been submitted to the Board.
- 4.6. In the event that an appraiser or a supervising appraiser does not comply with the applicable requirements of subsection (D):

- a. The appraiser or the supervising appraiser may be subject to disciplinary action pursuant to A.R.S. § 32-3631(A)(8), and
- b. A trainee shall not receive experience credit for hours logged during the period that the appraiser or supervising appraiser failed to comply with the applicable requirements of subsection (D).